

APPENDIX L

LAND TRANSACTIONS

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Land Bank

The Land Bank was established in chapter 79.19 RCW in 1977 to provide a formal mechanism for trust lands to be sold at public auction and replaced so that the publicly owned land base is maintained. The chapter is used to sell lands which have low potential for natural resource management or low income generating potential or which, because of geographic location or other factors are inefficient for the DNR to manage. Replacement lands with greater natural resource and income potential are purchased using the sales revenues and added to the state lands portfolio. Use of funds from this account is authorized through legislative appropriations. The total acreage held in the Land Bank is limited to no more than 1,500 acres. Currently, there are no lands within the planning unit in the land bank.

REAL PROPERTY REPLACEMENT ACCOUNT

The real property replacement account was established in RCW chapter 79.17 in 1992 to provide for direct sales of public trust lands to public entities. Funds from such sales are deposited into this account and are used to acquire replacement properties so that the publicly owned land base is not reduced. Use of funds from the real property replacement account is subject to legislative appropriation.

Urban/Transition Land Program

The DNR recognizes that population growth and land use change causes some forest lands to become potentially more valuable for other uses and increasingly difficult to manage for commodity production. Trust lands identified as likely to convert to non-forest uses such as commercial, industrial, or residential, are managed as “transition lands.” In 1988, the DNR finalized the Transition Lands Policy Plan, which sets out the goal of effectively managing transition lands to enhance the financial performance of the trust assets. As noted under the previous section, the Land Bank is used to manage the sale of transition lands and acquisition of replacement properties.

Growth Management Act

The Growth Management Act (RCW Chapter 36.70A) requires local governments to establish comprehensive growth management plans that address a range of natural resource issues. These include timber and other resources on state trust lands. The DNR works with local governments during the planning process to assure that state lands are treated as fairly as those of other owners and that appropriate designations are applied to both transition lands and lands slated for long-term management.

Forest Legacy Program

The Forest Legacy Program is a federal grant program created in 1990 to protect forestlands from conversion to non-forest uses. Since 1993, the DNR has participated in the program as a means to protect working forest land from conversion to other uses. The most recent document

describing the program in Washington is the *Forest Legacy Program Assessment of Need* (DNR 2004).

Initial efforts focused on the Puget Sound Corridor Forest Legacy Area (portions of Snohomish, King, and Pierce Counties) because of the importance of this region's forests and the high rate of conversion to non-forest uses. In 2004, the Forest Legacy Area was expanded to include more areas of the state. To date, approximately 15,000 acres of Washington's forests have been protected (USDA Forest Service 2008). Currently, there are 1,748 acres in conservation easements and 1,675 acres owned by DNR for a total of 3,423 acres within the Unit.

Natural Heritage Program

The Washington Natural Heritage Program, which was established by the State Legislature in 1981 under the Natural Areas Preserves Act, collects data about existing native ecosystems and species to provide an objective, scientific basis from which to determine protection needs. In addition, the program also recommends strategies for protection of the native ecosystems and species most threatened in the state. The program is guided by a *Natural Heritage Plan* which was last updated in 2005 (DNR 2005). The plan is meant to provide guidance regarding implementation of the Natural Area Preserves Act.

Natural Areas Program

In 1972, the Legislature established Washington's system of Natural Area Preserves (NAP). As envisioned by the Natural Areas Preserve Act, these preserves would forever protect the highest quality examples of native ecosystems and rare plant and animal species – as well as other natural features of state, regional, or national significance. Preserves protect the best remaining examples of many ecological communities including rare plant and animal habitat. The Heritage program has identified the highest quality, most ecologically important sites for protection as natural area preserves.

In 1987, the legislature created an additional state land designation for properties to be managed for conservation purposes. Properties in this category are called Natural Resources Conservation Areas (NRCAs). Lands with a high priority for conservation, critical wildlife habitat, prime natural features, examples of native ecological communities, and environmentally significant sites threatened with conversion to other uses are candidates for NRCA status. Opportunities for outdoor environmental education and appropriate low impact public use are additional considerations when designating an NRCA.

The current list of areas protected as Natural Area Preserves and Natural Resource Conservation Areas in the Unit are listed in Table L-1.

Table L-1 – Current Natural Area Preserves and Natural Resource Conservation Areas

Natural Area Preserves	Acres
Bald Hill	307
Charley Creek	1,172
Kennedy Creek	155
Kitsap Forest	571
Oak Patch	18
Shumocher Creek	468
Skookum Inlet	146
Total, NAP	2,837
Natural Resource Conservation Areas	
Stavis Creek	1,288
Tahoma Forest	233
West Tiger Mtn.	3,731
Woodard Bay	658
Total, NRCA	5,910

TYPES OF LAND TRANSACTIONS

DNR uses four processes to complete land transactions: land exchanges, public auctions, direct sales, and land purchases.

Land Exchanges

The legislature adopted exchange authority for Forest Board lands in 1937 and for trust lands in general in 1957. Exchanges are carried out to better position the trust land base within the statutory authority constraints of maintaining the state land and commercial forest base. Exchanges are subject to the approval of the Board of Natural Resources (BNR), which must determine that the exchange is in the best interest of the trust for which the land is held.

Under RCW 79.17.010, the department may exchange any state land and any timber thereon for any land of equal value in order to:

Facilitate the marketing of forest products of state lands;

Consolidate and block-up state lands;

Acquire lands having commercial recreational leasing potential;

Acquire county-owned lands;

Acquire urban property which has greater income potential or which could be more efficiently managed by the department in exchange for state urban lands as defined in RCW 79.19.100; or

Acquire any other lands when such exchange is determined by the board to be in the best interest of the trust for which the state land is held.

Public Auctions

The state Constitution and statutes provides that the disposal of public lands will be at public auction for fair market price to the highest bidder. The BNR determines the minimum selling price. Proceeds are deposited into permanent funds such as the Common School Permanent Fund.

Direct Sales

There are limited exceptions to the requirement for sale at public auction. With the approval of the BNR, the DNR may directly transfer or dispose of real property, without public auction, in the following circumstances:

Transfers in lieu of condemnations;

Transfers to public agencies; and

Transfers to resolve trespass and property ownership disputes.

Real property to be transferred or disposed of by direct sale is transferred or disposed of only after appraisal and for at least fair market value and only if the transaction is in the best interest of the state or affected trust (RCW 79.19.200).

The DNR, with approval from the BNR, may also directly transfer or dispose of state forest lands without public auction, if such lands consist of ten contiguous acres or less or have a value of twenty-five thousand dollars or less. Such disposal may only occur in the following circumstances:

Transfers in lieu of condemnation; and

Transfers to resolve trespass and property ownership disputes.

Property transferred or disposed of under this exception must be transferred or disposed of only after appraisal and for at least fair market value and only if such transaction is in the best interest of the state or affected trust. The proceeds must be used to buy replacement land within the same county as the property transferred or disposed of (RCW 79.22.060).

Land Purchases

Proceeds from property disposed of through the direct sale or land bank auction methods above are used to acquire replacement property. RCW 79.17.210 creates the Real Property Replacement Account in which holds the funds received from direct sales. The statute states that the department has a need to maintain the real property asset base and needs an accounting mechanism to complete transactions without reducing the real property asset base.

The Land Bank replacement account functions similarly. RCW 79.19.020 authorizes purchases of property for the trust that are desirable for addition to the public lands of the state because of natural resource or income production. These properties are purchased from the proceeds of trust land sold at public auction.

The department also acquires property for addition to designated natural areas (state NAPs and NRCAs) through a combination of state funding and federal grants.

Historic Transactions

Land transactions in the South Puget Planning Unit totaling over 21,000 acres were completed between 1997 and 2007 (Table 29). DNR acquired over 11,000 acres, mostly through exchanges. About 6,500 acres were disposed on through sales and exchanges.

Table L-2 – Land transactions, 1997 – 2007

Transaction Type	Acres			Total
	Acquired	Disposed	Retained	
Exchanges	8,680	3,692	-	12,371
Purchases	880	-	-	880
Sales	1,567	2,819	3,838	8,223
Total	11,126	6,510	3,838	21,474

Land exchanges consisted largely of transactions with large industrial timberland owners. A net land base gain to DNR of nearly 5,000 acres was realized as a result of these exchanges.

Six small parcels totaling 880 acres were purchased by DNR during the period. Generally, the purpose of these acquisitions was to replace disposed lands that were isolated or difficult to manage.

The land sales summarized in the accompanying table include a number of circumstances. Acquisition acres shown are sales in which sale proceeds are given to the trusts while DNR maintain the parcel in a deferred status as a Natural Area Preserve (NAP) or Natural Resource Conservation Area (NRCA). Acres disposed include land sales to other governmental agencies such as counties, cities, and tribes. In some cases, deed restrictions are included in these to protect open space or require the successor to comply with DNR's HCP requirements for the property for a defined period. Finally, acres shown as "retained" includes instances in which the land was sold but DNR maintains management under NRCA or NAP designation or the agency has placed some deed restriction on the land.

Population Density/Dynamics

Population density can be used as an indicator of land use pressure (Table 29). Across the seven counties, population density averages 380 persons per square mile, however, density varies greatly. All counties except Lewis and Mason exceed 300 persons per sq. mile. The densest population is found in King County, with 875 persons per sq. mile. Conversely, Lewis County has only 31 persons per sq. mile. Thurston, Snohomish, Pierce, and Mason Counties are all increasing in density at a higher rate than the average for the region (Office of Financial Management 2007).

Table L-3– Population density for Washington and the SPS region

County	2000	2007	Percent Change
State of Washington	89	97	+10.1
King	817	875	+7.2
Kitsap	586	618	+5.5
Lewis	28	31	+8.0
Mason	51	57	+10.5
Pierce	417	471	+12.8
Snohomish	290	329	+13.2
Thurston	285	327	+14.8
Total, SPS Counties	347	380	+9.7

Source: Office of Financial Management (2007)

Under the baseline assumptions of the Office of Financial Management projections, the population of the seven counties is expected to increase by 34 percent to reach 5.1 million by 2030 (Chart 3-4). Population growth brings with it pressure to convert forestlands and other undeveloped land to non-forest uses. This pressure can be expected to be greatest along the urban and rural fringe areas as population spreads from more dense developed areas.

Chart 3-4 Population projection for counties in the South Puget Planning Unit. Source: Office of Financial Management (2007)

